Hi my name is John Blanchard I am the managing partner at Premier Private Physicians the first direct primary care practice in Michigan. My partners and I have been practicing direct primary care for 13 years. I want to thank the committee members for giving me the opportunity to testify in support of senate bill 1033. I believe every man women and child in the state of Michigan deserves access to a true patient centered medical home provided by a direct primary care physician. I love being a physician and the relationships I form with my patients. It was our love for medicine and those patient relationships that motivated my partners and I to form a direct practice.

Like other primary care physicians we were each taking care of 2500 patients, seeing 30 patients a day, and spending as little as 10 minutes with each patient for appointments. 50% of our day was not spent in delivering medical care but rather on insurance related paper work. The care we delivered was adequate but reactive instead of proactive, acute instead of preventative, and disjointed instead of coordinated. We did not see that many patients each day by choice we had to because year after year our cost for delivering primary care went up while our insurance reimbursement did not. Like so many other primary care physicians we were stuck on the treadmill of patient volume.....see more patients or go out of business. Most concerning to me was that I saw our relationships deteriorating with the patients. We knew people deserved better value in the care they were receiving but to do that we had to form a new model of primary care delivery. The new model we formed is now known as Direct Primary Care (or DPC).

Health care value is created when medical care is delivered with a focus on service and quality while at the same time lowering overall health care cost. Quality, service and lower cost is called the triple aim in health care. What most people do not understand is that to deliver the triple aim in primary care the doctor must have time with the patient, time allows for communication and communication allows for a relationship to form. Without time, communication and relationship the triple aim cannot be achieved. It became apparent to us that the primary care business model was broken. The financing of primary care had to move from fee for service to direct periodic fees paid by the patient outside of insurance reimbursement. Liberation from a fee for service reimbursement model allowed us to provide the right care to the right people at the right time with a focus on value rather than volume. The direct payment model restored the integrity of the physician patient relationship by empowering the patient with the health care dollar. Who is better positioned to determine value in health care than the patient?

Why do we have insurance for primary care? By definition insurance is an actuarial bet that a financially catastrophic rare event will or will not occur to individuals in a population. People have insurance to protect them should that rare event occur. Primary care services are needed by people at a high frequency and its low cost. By definition primary care is not an insurable event. It's as if you bought insurance for your car that covered minor repairs and tune ups. That sounds ludicrous when applied to your car insurance yet somehow expected when applied to health insurance. Providing primary care services directly to the consumer reduces overhead for primary care from 70% to 30%. These savings are then passed on to the consumer who can now get as much as 80% of their medical needs met for one low monthly fee. Over the years pricing for direct primary care services have come down because of immerging competition among DPC providers. The average monthly cost is now around $100/month.

The fees for direct primary care services are in line with other consumer goods and services such as cell phones, cable television or even a pack of cigarettes a day.

Primary care physicians control the reigns in health care. DPC allows us to pick up those reigns and use them. Studies are showing that direct primary care lowers health care costs by decreasing hospital admissions, decreasing emergency room visits, decreasing unnecessary testing, and decreasing specialty referrals all while increasing access and improving service and quality for patients. This is true even among the Medicaid population. Because a physician can be supported in a direct primary care practice with a few as 600 patients these practices even offer a viable solution for underserved rural communities.

As the cost of health care continues to rise for employers they are increasingly turning to direct primary care to control their health care cost. This is especially true among self-insured companies. Direct primary care can not only bends the cost trend for companies but in many cases it has been shown to reduce their costs compared to previous years. As employers become increasingly engaged with DPC it will enhance access because the employer will assume some or all of the cost for patients. Data from Qliance in Washington State the countries first direct primary care practice showed a savings of as much as 30% for thousands of Medicaid patients. Qliance also saves money for municipalities by caring for retirees in the retired firefighter's pension fund. Employers are making decisions on where to locate new jobs based on health care value. Direct primary care provides the value employers are looking for and is an important step toward making Michigan a health care destination state.

As direct primary care takes hold it will increase the number of primary care physicians. This model of health care delivery is preferred by doctors. Older physicians will retire later, more medical students will go into primary care and specialist will convert their practice to primary care because there will be as many as 2/3 fewer specialists needed in a value based health care system.

Direct primary care is a supply side grassroots innovation in health care that is spreading across the country. It is not insurance but rather a service contract between the physician and their patient. This contract is terminable by either party at any time. Some states have passed legislation that provides for the continued evolution of this model. A few states such as Maryland and New York have taken administrative positions decidedly unfavorable to direct primary care and essentially abolished the movement before it had a chance to grow. Senate bill 1033 would provide clarity for direct primary care in the state of Michigan and foster the continued growth of this high value model of primary care delivery.

Direct primary care lowers health care costs while improving quality and service. It works for patients and physicians, employers and governments, the rich and poor, the insured and uninsured. And yes even Republicans and Democrats. In short I believe it is the necessary foundation we need for a highly functional value based health care delivery system. Thank you for your time today and your service to the great State of Michigan.